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SUBJECT: Amcham Business Climate Survey - 2004

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1. (SBU) In the American Chamber of Commerce's (Amcham) 2004 Business Climate Survey, 62 percent of companies viewed the business climate as "Excellent" or "Good," up from 50 percent last year. Three times more companies have increased confidence in the government's ability to improve the business environment, and almost one-half (48 percent) the companies planned to invest more in the coming year, up from 41 percent last year. The survey, conducted in October, covered 65 Amcham member companies employing over 100,000 South Africans.

2. (SBU) As last year, respondents most frequently cited "Healthy Economy/Macroeconomics" and "Stable Government" as favorable factors influencing business and investment. Companies also cited "Future Potential of South Africa" as a positive investment factor. The most frequently cited negative factor was local equity ownership requirements in BEE charters (74 percent versus 45 percent last year). Crime and security was the second most frequently cited negative factor, but at a slightly lower level this year (57 percent against 64 percent). Exchange rate controls and volatility were the third most frequently cited negative factor, but again by fewer respondents (32 percent versus 37 last year).

3. (SBU) The Department of Trade and Industry (59 percent positive), the National Treasury (48 percent positive) and the South African Revenue Service (43 percent positive) received the most favorable ratings among government departments. The Department of Health (18 percent positive) again received the lowest rating. Telkom and Eskom received mixed ratings suggesting inconsistency of service.

4. (SBU) The full survey will be sent by e-mail to AF/S, Commerce and USTR. Amcham plans to send the survey to the South African government on December 13 and issue a press release. FRAZER